

## MELLEN DENIES MORSE DEAL

Says He Doesn't Know How New Haven Acquired Steamships.

WAS SURPRISE TO HIM

Hints That Edward L. Robbins Was Active in Negotiations.

STILL QUICK IN REPARTEE

Witness Amuses His Hearers as He Parries Mr. Littleton's Inquiries.

NEW HAVEN, Conn., May 28.—Charles Melles testified here today that he knew nothing of how the New Haven railroad obtained control of the freight steamers and docks of Charles W. Morse's Metropolitan Steamship Company of New Jersey; that he had nothing to do with the sending of the Harvard and Yale of that line to the Pacific coast, and did not know how the deal came about.

Mr. Melles said that he had been puzzled over the mysterious manner in which these boats and docks found their way into the Eastern Steamship Corporation, a New Haven subsidiary, and that he had decided they must "have crawled in by the window somehow."

He inferentially put the deal up to Edward L. Robbins, general counsel for the New Haven. He said that after he had been advised in 1907 by Lewis Cass Ledyard and Robbins that the acquisition of the New Haven's only outside competing line might be illegal and he had dropped the matter, Robbins went ahead with negotiations for the purchase of the line.

Mr. Melles said he presumed that Robbins was acting for some client and that as he had been refused all information by the line's counsel, who said the deal had nothing to do with the New Haven.

Mr. Melles explained that when Mr. Robbins took the position as general counsel of the New Haven in 1908 he had stipulated that his work for the system should not take all his time from his general practice.

The former president of the New Haven traced a chain of events in his answers which appeared to please Martin W. Littleton, chief of counsel for Miss Jennie Morse, who is bringing the suit, for which Mr. Melles's testimony was taken, for the general accounting and receivership of the Metropolitan Steamship Company of New Jersey.

He told how during his presidency it was the policy of the New Haven to acquire control of all the New England water lines and how in pursuance of that policy he entered into negotiations in 1907 with officers of the Maine Steamship Company, which was liquidating Morse's assets, for the purchase of the Morse line. The price named was all right, but he was advised that the acquisition of the line would be illegal, so he dropped it.

"Can Only Guess," Says Melles. But he told how, after Robbins had negotiated for a while, the docks and freighters of the company had turned up in the possession of the Maine Steamship Company. Mr. Melles said that he could only guess as to how this came about in detail, although as head of the New Haven's system he was supposed to know all about it.

It was expected that after Mr. Melles finished Mr. Robbins would take the stand, and the lawyers for Miss Morse seemed astonished when told at the close of the morning's session that Mr. Melles would testify until the suit is tried in New Jersey. In court Mr. Robbins would be able to obtain immediate rulings on objections by his counsel which he would not have been able to do in the hearing yesterday.

Mr. Melles added to his reputation, made in Washington, for repartee. He tried to parry many of Mr. Littleton's searching questions with answers which drew laughter from all those in the blue Yale room at the Hotel Taft, a room, by the way, in which the Yale athletic campaigns are planned and from the walls of which grins and track heroes of past years look down.

At one time when Mr. Littleton, referring to the witness's inability to tell how the Morse properties were acquired, said:

"And so, if you found this line dropped in your stocking on Christmas eve you would have laid it to St. Nicholas."

Mr. Melles answered Mr. Littleton, "and I would have sworn it was the stockings."

Mr. Melles began his testimony with the remark that he was "slightly interested" in the New Haven during his term as head of the system, and that so far as he knew the New Haven was not interested to the extent of \$1 in any Metropolitan Steamship Company.

He denied that the New Haven or any of its subsidiaries had anything to do with the formation of the Pacific Navigation Company of New Jersey, the corporation to which the Yale and Harvard are now leased, and that the New Haven had any interest in the New England Securities Company, the concern formed by Robbins and John M. Billard to put through the Metropolitan Steamship deal.

"Were my efforts ever made to interfere with you or the New Haven in the properties which were acquired by the Metropolitan Steamship Company of New Jersey from the old Metropolitan Steamship Company of Maine, including the steamers Harvard and Yale?"

"There were," he said.

"Tell what those efforts were."

"Before the Yale and Harvard were put on by Charles W. Morse in 1907 I think I met Mr. McKinnon of the Assets Liquidation Company, Campbell, Carrington and I think also Walter Reid."

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with Melles, he said, was just before Morse went to jail. That was not to buy the steamers, but to acquire an interest in the company that owned both freight and passenger steamers.

"I took the matter up with my counsel. There seemed to be possible legal complications. I talked with E. D. Robbins and Ledyard and they said that, at all, he never was in favor of it. Mr. Robbins thought it of doubtful legality."

Q. Were there any subsequent negotiations?  
A. No.

Mr. Littleton then undertook the cross-examination of Mr. Melles, and asked him about the subsidiaries of the New Haven, which he admitted there were about fifty active, and about 150 both active and dormant.

Q. What variety of business did the subsidiaries do?  
A. Almost everything but voice.

Mr. Melles testified that the New Haven was interested in getting all the business it could from the New England States, and that he was willing to use any feasible way to acquire water lines. Mr. Littleton explained that by feasible he meant ways that would not involve the company with the Government.

The witness then was led back to the conference with Mr. Ledyard about the Metropolitan steamships, and promptly became involved with Mr. Littleton in a way that amused those in the room.

Do you remember that interview with Mr. Ledyard and Robbins and yourself were present. A. I don't remember.

Do you remember that Mr. Robbins said he needed time to look into the matter? A. Mr. Robbins is a lawyer and I never saw a lawyer that time had any terror for.

**Melles Doesn't Remember.**  
Q. That isn't answering my question?  
A. Well, as I said, Mr. Robbins is a lawyer and I think it very possible.

He remarked that lawyers also seemed reluctant to go on record.  
Q. Do you not think that would be a good thing for some other persons? A. Well, perhaps. Mr. Melles finally said that he did not remember whether Mr. Robbins made such a remark.

Mr. Melles said that he often asked Robbins about what was going on and was told that Robbins was representing an outside client and that it had nothing to do with the New Haven.

He admitted that the wharves and docks finally wound up in the hands of the Eastern Steamship Corporation, and that the New Haven owned 20 or 40 per cent of that company's stock. He would not admit that 40 per cent would be a controlling interest, even though the remainder of the stock was scattered.

Q. Can you tell how the freight boats got into the hands of the Eastern Steamship Corporation?  
A. I haven't an idea. I've puzzled and puzzled over that, because naturally I have wanted to get to the bottom of it. I have been paralyzed by the marching and counter marching of the last few days.

Q. Who was the man who stole Charlie Ross, doesn't it?  
A. Well, I hope there will be a termination of it some day. Melles replied.

Mr. Littleton then asked again if Mr. Melles could not refresh his memory about the deal.

**"The Lord Only Knows."**  
"The Lord only knows about it," said Mr. Melles. "And he hasn't given me any information. And the ways of the Lord are very inscrutable and this certainly is."

Q. Well, between the Lord and Robbins and the New Haven railroad, have you any idea how this occurred?  
A. If I could tell the Lord and Robbins were working together in Boston or anywhere else I would give it up as a bad job.

Q. Having a desire to acquire property were you not interested in knowing into what hands the property fell?  
A. I never had a care. I used to be absorbed in what I wanted to get, but once it got away from me I never thought about it again.

Mr. Melles was asked about the Eastern Steamship Corporation. He said that he believed the corporation was organized to take over the Eastern Steamship Company, the Metropolitan and the Maine Steamship Company, and that when it took over the Maine Steamship Company, owned by the New Haven, the railroad took stock in the Eastern Steamship Corporation in payment for its line.

Neither of the outside lines to Boston, the Metropolitan, Morse's line, or the New Haven's line, was ever paying investments, said Mr. Melles. He reiterated his testimony given in Washington that he had never believed in the line, but that it was the policy of the road and he carried it out. He said it was only a question of time as to which line should go under; which could last the longer.

The Bunker Hill, Old Colony and Massachusetts of the New Haven outside line were built as freight boats and could be readily converted into passenger boats, and which were intended to be so converted, said Mr. Melles. They were converted, however, until after the Morse line went under and the Yale and Harvard were sent to the Pacific coast. Then they began to do a passenger business.

**When Competition Ended.**  
He admitted that it had seemed to him before the Yale and Harvard were sent to the Pacific that it would have been a desirable situation if the Metropolitan were out of the way and the three New Haven boats converted. There was no competition after that, he said. He insisted, however, that there was no material advantage because there was not enough traffic to make even one line pay.

Mr. Littleton then touched on the New England Investment and Securities Company. Mr. Melles said that this company was a voluntary holding company for the trolley lines of Massachusetts. It was on \$5,000,000 of gold notes of this company that the John M. Billard Company obtained a loan of \$1,700,000 from the Farmers Loan and Trust Company, which with \$1,100,000 was used by Robbins and Billard to buy control of the Metropolitan Steamship Company and remove it as a competitor of the New Haven.

Mr. Melles then said in answer to questions put to him by J. W. Cullen, his personal counsel, that he had not tried to dodge process servers in this suit, as had been printed in the newspapers, but that he had told Mr. Morse last fall that he would be willing to appear, although he thought if he did it would hurt Mr. Morse's case.

## FOLK'S MEN AT WORK ON MORGAN RECORDS

Firm Allows Access Only to Books and Papers of New Haven.

ORIGINAL DEMAND DENIED

Inspectors' Gigantic Task Is Likely to Require Months in Completing.

Five examiners of the Interstate Commerce Commission got to work yesterday on the books and records of J. P. Morgan & Co. relating to New Haven affairs. Bookkeepers and clerks of the firm were busy during the day getting out large volumes and numberless papers and arranging them for the inspection of the examiners.

The first day's proceedings showed distinctly that Solicitor Folk's instructions when he arrived from Washington on Wednesday that the firm should open all its records on New Haven or any other matter to the examiners to permit them to choose what they desired as indispensable were by no means being followed out. The examiners made no demand that all the books of the firm be turned over to them. The Morgan clerks handed over records of the New Haven only and the examiners confined their efforts to those. From the size and number of the volumes presented it appeared that the examiners could readily spend several months without seeking further records.

Folk & Co. refused to consent to the Folk demand that the commission's examiners be permitted to delve into anything and everything in the records of the firm.

It was said on behalf of the Morgan firm yesterday that its members are desirous that the investigation by the commission of the New Haven's books should be thorough and complete.

The examiners spent comparatively little time on the books yesterday, their work being of a preliminary nature. They declined to comment on it.

## NEW HAVEN HEARING JUNE 3.

Folk Says Certain Directors Will Be Called to Stand.

WASHINGTON, May 28.—The hearing into the financial affairs of the New Haven railroad will be resumed next Wednesday according to a statement of Joseph W. Folk, solicitor of the Interstate Commerce Commission, upon his return to-day from New York.

Mr. Folk said that certain directors would be called before the commission to discuss the attitude of the Department of Justice in regard to the hearing. The belief here is that the Interstate Commerce Commission will expect some definite statement from Attorney-General McKendall before June 3 in regard to criminal proceedings if the proceedings are to be halted further. It is possible that only a few of the directors will be heard and others indicated by the Attorney-General may not be called at all.

Mr. Folk said he had made a satisfactory arrangement for having the Interstate Commerce Commission's experts see the books of J. P. Morgan & Co. He said that Mr. Melles was subject to recall as a witness any time and would be available for cross-examination by attorneys representing parties interested in the books of J. P. Morgan & Co.

It is understood here that if any directors of the New Haven testify their attorneys will insist on an opportunity of cross-examining Mr. Melles.

## TOLLS REPEAL VOTE FAR AWAY.

Senator Oliver Comes Over to Side of Wilson Opponents.

WASHINGTON, May 28.—The outlook for an early vote on the tolls repeal bill is far from satisfactory. Speeches are still being made from day to day and notices given of more speaking to come. One prominent Western Republican Senator who contemplates a long deliverance on the subject of free tolls said to-day that he had not begun the preparation of his speech.

Senator Burton has spoken once and has two more sections of his tolls speech to come. Senator Burton is likely to take time taken up in running colloquial debate.

The speakers to-day were Senators Oliver and Du Pont of Delaware. Senator Oliver and Du Pont are opposed to repeal, while Mr. West was favorable to repeal. Mr. Oliver was one of eleven Senators who in 1912 voted against tolls exemption. He said to-day that he voted against the bill at the time because it seemed to him in contravention of the Hay-Pauncefote treaty.

"I have as much right to change my mind as the President and I believe on reflection that the treaty has not been violated," he said. "As to the economic question involved I have never had any doubt."

The debate to-day was without special incident and there is a noticeable lack of interest among Senators in the discussion. Estimates of the strength of the repeal bill when a vote is reached vary from eight to fifteen majority.

## WELLS FARGO ON THE B. & O.

Gets Contract Abrogated When U. S. Express Co. Dissolved.

BALTIMORE, Md., May 28.—The Baltimore and Ohio Railroad awarded to the Wells Fargo Express Company to-day a contract abrogated by the United States Express Company when that concern was recently dissolved. The Wells Fargo company will handle all express traffic on Baltimore and Ohio Railroad lines, including the Baltimore and Ohio Southwestern, Cincinnati, Hamilton and Dayton and various smaller lines.

The contract price, it is said, was large, and a long term of years was stipulated.

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## WILSON NOW ADMITS SLUMP IN BUSINESS

Calls the Depression "Psychological" and Says There's No Good Reason for It.

ANTI-TRUST BILLS NEEDED

He Declines to Postpone Legislation in Answering Plea of Manufacturers.

WASHINGTON, May 28.—President Wilson admitted to-day that he was aware of the present depression of business. He declared, however, that the condition is merely psychological and that no substantial reason exists why the country should not be in a most prosperous condition.

The President said he believed the best thing for the business of the country was to complete at the present session of Congress the Administration's anti-trust programme.

The President made these statements in answer to a petition for the postponement of anti-trust legislation submitted by representatives of the National Implement and Vehicle Association, the Ohio Manufacturers Association and the Illinois Manufacturers Association.

The petition presented by these organizations is typical of the pleas that have been sent to the White House from many other business interests for the postponement of anti-trust legislation and for a complete rest instead of further agitation.

## Text of the Petition.

Here is the petition presented to-day: We, the undersigned, representing the National Implement and Vehicle Association, the Ohio Manufacturers Association and the Illinois Manufacturers Association, in which states the manufacturing industry represents 32,164 factories, employing 1,084,000 employees with an annual payroll of \$782,365,000, desire to cooperate with Congress in legislation which will eliminate business abuses.

We favor an interstate trade commission, properly regulated, but we are opposed to all legislation which is discriminatory and we ask that all other business legislation be deferred until the business men of the United States can become acquainted with the proposed laws, of which they are now entirely ignorant.

## The President's Reply.

The President's reply as paraphrased by himself was as follows:

The President said in reply to the Illinois delegation that, in his judgment, nothing was more dangerous for business than uncertainty; that it had become evident through a long series of years that a policy such as the Democratic party was now pursuing was absolutely necessary to satisfy the conscience of the country and its perception of the prevailing conditions of business, and that it was a great deal better to do the thing moderately and soberly now than to wait until more radical forces had accumulated and it was necessary to go much further.

The President said also that while he was aware of the present depression of business there was abundant evidence that it was merely psychological; that there is no material condition or substantial reason why the business of the country should not be in the most prosperous and expanding condition.

He urged upon his visitors the necessity of patriotic cooperation on the part of the business men of the country in order to support rather than oppose the moderate processes of reform, and to help guide them by their own intimate knowledge of business conditions and processes.

He told his visitors that it was his earnest desire to serve and not hinder or injure the business of the country in any way, and that he believed that the course he was urging would not only in the long run but in the short run also be the wisest and serviceable course.

## SHE WON'T GET HER AWNINGS.

Naive Stranger Was Thief, Not Conferring Benefits.

Two men, one of them tall, well dressed and courteous, called at the home of Mrs. Frank Suglia, 3147 Broadway, yesterday morning and said the landlord of the apartment sent them to measure the windows for new awnings. Mrs. Suglia didn't object so the well dressed man took out his tape and started work. Then Mrs. Suglia went into another part of the house for a few minutes.

She returned to find the man, jewelry valued at \$300 and \$25 in cash gone. The money and jewels had been taken from a drawer in her bedroom dresser.

## Holiday Trips up the Hudson.

To-morrow and Sunday special trips will be made by the steel steamer Highlander to Interstate Park, forty-five miles up the Hudson, leaving Battery pier at 10.30, West Twenty-third street at 10.30, West 121st street at 11 and Yonkers at 11.45 A. M.

## GOMPERS IN HOUSE TO RUN LABOR GROUP

Members Consult Him While Clayton Anti-Trust Bill Is Considered.

HE'LL BE ON JOB TO-DAY

Some of the Labor Men Are Irritated by Democratic Disclaimers of Exemption.

WASHINGTON, May 28.—Samuel Gompers, president of the American Federation of Labor, was on guard in the House to-day during the consideration of the Clayton anti-trust bill. He took a seat in one of the galleries and was accompanied by Frank E. Morrison, secretary of the Federation, and other members of the organization.

Mr. Gompers and his colleagues expected the labor provisions of the bill to come up for consideration and they arranged themselves in a position of vantage to watch the proceedings.

## Some Labor Members Irritated.

The Administration spokesmen in Congress are so emphatic in their declarations that the amended bill, as approved by the Democratic leaders, does not exempt the unions from prosecution under the Sherman law that some of the labor members are becoming irritated, but Mr. Gompers is satisfied. He expresses confidence that the desired exemption is granted by the bill in its amended form.

Critics of the Administration's president suggest that it is important to Mr. Gompers that he shall be in a position to claim a victory. They point out that he has had much trouble in maintaining his leadership in the organization in recent years and that political exigencies within the federation require that he shall be able to report that labor has been exempted from prosecution by the anti-trust bill.

It is argued that if the labor provisions become law and exemption is denied by judicial interpretation Mr. Gompers will be in a position to charge that he accepted the word of the Democrats in good faith but was tricked by them. In such a contingency it is argued that the censure of the federation will fall on the Democratic party and not on Mr. Gompers.

## Bitter Debate Expected.

Section 7 of the anti-trust bill, as amended, will probably stir up a bitter debate to-morrow. The chances are it will be adopted by a substantial majority. The main body of the Democrats have been assured that this section does not exempt labor from prosecutions, but that the labor leaders think it does and that there will be no harm done by members voting for it.

As the Administration has approved the section few Democrats will oppose it. The section likewise will have the support of Progressives and many Republicans.

The complaint voiced by all independent thinkers here, regardless of party, is that the labor union amendments approved by President Wilson and the Democratic leaders are, to say the least, most ambiguous as to their meaning and will require an interpretation by the courts at the very beginning.

It is pointed out that it would be very easy for the President and the Democratic party to approve an amendment clearly setting forth the very fact, which President Wilson and his followers now maintain, that the pending legislation does not exempt labor union members from prosecution under the Sherman law.

Independent observers are convinced that the Wilson Administration is playing politics with this amendment and has purposely avoided any direct expression which would remove all ground for doubt as to the intention of Congress on this subject.

## PRESS ON UNION EXEMPTION.

New York Papers on Suggested Change in Anti-Trust Bill.

The Morning World: The proposed labor amendments to the new anti-trust bill are either superfluous or pernicious. The bill as drawn was exceedingly liberal in its recognition of the rights of labor.

In one of its sections it provides that fraternal, labor, agricultural or horticultural organizations, instituted for the purpose of mutual help and not conducted for profit, shall not be any construction of boycotts and the members thereof, be held or construed to be illegal combinations in restraint of trade."

In its original form the bill was intended to put legitimate combinations of labor upon an equality with legitimate combinations of capital. The amendments, however, go far beyond this. They plainly exclude labor organizations, lawfully or unlawfully, from the protection of the anti-trust law. They plainly assert that certain acts, often criminal in their nature, shall not be illegal when committed by labor unions or their members.

The amendments are without qualification, and if enacted into law will constitute class legislation which can hardly survive judicial examination. Why waste time and energy upon them?

## The Evening Post:

If there were no other objection to the so-called compromise upon which it is stated that the President and the Democratic leaders on the one hand and the labor union men on the other have agreed,

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could not become really effective until the Supreme Court has determined in a long series of decisions what its scope and its intention with regard to labor organization shall be held to be. It does not want more legislation for legislation's sake. Business is dull at best. Business is conservative and timorous, and no legislation in our economic policy could be put through without involving a more or less prolonged period of adjustment marked by anxiety and concern. It is only reason, it is sanity to ask that we should get only a little at a time to work out, being allowed to recover from that before the next dose comes.

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